

119TH CONGRESS  
2D SESSION

# H. R. 8671

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.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 7, 2026

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

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## 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.

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

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Bank Fraud Tech-  
5       nology Advancement Act of 2026”.

6       **SEC. 2. DEFINITIONS.**

7       In this Act:

1           (1) ADVANCED FRAUD DETECTION TECH-  
2           NOLOGY.—The term “advanced fraud detection tech-  
3           nology” includes artificial intelligence, machine  
4           learning, predictive analytics, behavioral biometrics,  
5           network analytics, data fusion tools, distributed  
6           ledger-based monitoring tools, blockchain tracing  
7           tools, and other emerging technologies used to de-  
8           tect, prevent, or mitigate financial fraud.

9           (2) ARTIFICIAL INTELLIGENCE.—The term “ar-  
10          tificial intelligence” has the meaning given that term  
11          in section 5002 of the National Artificial Intelligence  
12          Initiative Act of 2020 (15 U.S.C. 9401).

13          (3) CREDIT UNION.—The term “credit union”  
14          means a State credit union or Federal credit union,  
15          as such terms are defined, respectively, in section  
16          101 of the Federal Credit Union Act (12 U.S.C.  
17          1752).

18          (4) FEDERAL BANKING AGENCY.—The term  
19          “Federal banking agency”—

20                 (A) has the meaning given such term in  
21                 section 3 of the Federal Deposit Insurance Act  
22                 (12 U.S.C. 1813); and

23                 (B) means the National Credit Union Ad-  
24                 ministration.

1           (5) INSURED DEPOSITORY INSTITUTION.—The  
 2           term “insured depository institution” has the mean-  
 3           ing given such term in section 3 of the Federal De-  
 4           posit Insurance Act (12 U.S.C. 1813).

5           (6) MACHINE LEARNING.—The term “machine  
 6           learning” has the meaning given that term in section  
 7           5002 of the National Artificial Intelligence Initiative  
 8           Act of 2020 (15 U.S.C. 9401).

9   **SEC. 3. STUDY ON ADVANCED TECHNOLOGIES IN FRAUD**  
 10           **DETECTION AND PREVENTION.**

11          (a) IN GENERAL.—The Federal banking agencies, in  
 12          consultation with the Secretary of the Treasury, the Fi-  
 13          nancial Crimes Enforcement Network, the Federal Trade  
 14          Commission, the Bureau of Consumer Financial Protec-  
 15          tion, and appropriate law enforcement agencies, shall  
 16          jointly conduct a comprehensive study on the use of ad-  
 17          vanced fraud detection technology by insured depository  
 18          institutions and credit unions.

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

21               (1) CURRENT USE AND EFFECTIVENESS.—The  
 22               current use and effectiveness of advanced fraud de-  
 23               tection technology, including—

24                       (A) the extent to which insured depository  
 25                       institutions and credit unions of varying asset

1 sizes deploy advanced fraud detection tech-  
2 nology;

3 (B) measurable outcomes relating to fraud  
4 reduction, loss mitigation, and consumer protec-  
5 tion; and

6 (C) barriers to adoption, including cost,  
7 interoperability constraints, regulatory uncer-  
8 tainty, data access limitations, and liability con-  
9 cerns.

10 (2) COMMUNITY FINANCIAL INSTITUTION AC-  
11 CESS.—Community financial institution access to  
12 advanced fraud detection technology, including—

13 (A) challenges faced by community finan-  
14 cial institutions in accessing or deploying ad-  
15 vanced fraud detection tools;

16 (B) whether economies of scale disadvan-  
17 tage smaller community financial institutions  
18 relative to large community financial institu-  
19 tions;

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

24 (D) recommendations to ensure regulatory  
25 guidance is appropriately tailored to avoid dis-

1           couraging adoption by smaller community fi-  
2           nancial institutions.

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

6                   (A) the use of artificial intelligence and  
7                   machine learning models, applications, and tools  
8                   in detecting fraud patterns, anomalies, syn-  
9                   thetic identity fraud, and real-time payment  
10                  fraud;

11                   (B) governance frameworks used by in-  
12                   sured depository institutions and credit unions  
13                   to manage fraud model risk, explainability, and  
14                   validation; and

15                   (C) interactions between fraud detection  
16                   models and consumer protection laws.

17           (4) INFORMATION SHARING AND PUBLIC-PRI-  
18           VATE PARTNERSHIPS.—Information sharing and  
19           public-private partnerships, including—

20                   (A) the effectiveness of existing informa-  
21                   tion-sharing frameworks;

22                   (B) whether expanded public-private part-  
23                   nerships or centralized fraud utilities would en-  
24                   hance detection capabilities;

1 (C) the feasibility of a voluntary fraud  
2 analytics consortium accessible to community fi-  
3 nancial institutions; and

4 (D) privacy, data protection, and cyberse-  
5 curity considerations associated with expanded  
6 data sharing.

7 (5) PAYMENTS SYSTEM RISKS.—Payments sys-  
8 tem risk, including—

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

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

14 (6) REGULATORY AND SUPERVISORY CONSIDER-  
15 ATIONS.—Regulatory and supervisory considerations,  
16 including—

17 (A) whether existing supervisory expecta-  
18 tions create barriers to innovation;

19 (B) the need for interagency guidance, reg-  
20 ulatory clarity, or safe harbors to support tech-  
21 nology adoption;

22 (C) opportunities to harmonize expecta-  
23 tions across Federal banking agencies; and

24 (D) whether additional training for Fed-  
25 eral banking agencies staff is necessary to pro-

1           mote effective regulation and supervision of fi-  
2           nancial institutions' use of advanced fraud de-  
3           tection technology, especially for community fi-  
4           nancial institutions.

5           (c) REPORT AND RECOMMENDATIONS.—

6           (1) REPORT.—Not later than 18 months after  
7           the date of enactment of this Act, the Federal bank-  
8           ing agencies shall issue a report to the Committee  
9           on Financial Services of the House of Representa-  
10          tives and the Committee on Banking, Housing, and  
11          Urban Affairs of the Senate containing all findings  
12          and determinations made in carrying out the study  
13          required under this section, and make such report  
14          publicly available, except for classified or supervisory  
15          information.

16          (2) RECOMMENDATIONS.—The report required  
17          under paragraph (1) shall include legislative, regu-  
18          latory, or supervisory recommendations which may  
19          include—

20                (A) proposals to support shared fraud de-  
21                tection utilities or consortium-based analytics  
22                platforms;

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

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

3 (D) recommendations to strengthen public-  
4 private information sharing consistent with pri-  
5 vacy and civil liberties protections.

6 **SEC. 4. COMMUNITY BANK FRAUD TECHNOLOGY PILOT**  
7 **PROGRAM.**

8 (a) IN GENERAL.—Not later than 1 year after sub-  
9 mission of the study under section 3, the Federal banking  
10 agencies may jointly establish a voluntary pilot program  
11 to facilitate community financial institution access to ad-  
12 vanced fraud detection tools.

13 (b) PROGRAM FEATURES.—The pilot program de-  
14 scribed in subsection (a) may include—

15 (1) pooled procurement or shared services mod-  
16 els;

17 (2) model validation assistance or technical sup-  
18 port;

19 (3) standardized vendor risk management tem-  
20 plates;

21 (4) regulatory clarity regarding model govern-  
22 ance expectations; and



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

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