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ALERT

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House Financial Services Committee Creates Task Forces to Examine Fintech and AI Regulation

The new task forces will hold hearings, conduct investigations, and issue reports to the full HFSC about the task forces' findings and recommendations.

The House Financial Services Committee ("HFSC") recently passed unanimous resolutions to form two new task forces, one on Financial Technology ("Fintech") and the other on Artificial Intelligence ("AI"), to better inform the HFSC's legislative agenda on a wide variety of legal, regulatory, and policy issues of importance to the financial services industry. The task forces will convene their first hearings in June 2019.

These new task forces likely signal heightened and sustained Congressional interest in Fintech, emerging payments, AI, blockchain, and other distributed ledger technologies. The activities of these task forces may form the basis for future consideration of legislative proposals designed to foster innovation and promote additional regulatory clarity for Fintech industry participants. Creation of the task forces also suggests that the HFSC intends to base any Fintech legislation on a comprehensive understanding of the various facets of Fintech products, services, and activities. The Fintech Task Force will examine U.S. and international Fintech regulation, marketplace loan underwriting and modifications, payment efficiency, and data privacy challenges. The AI Task Force will review the regulatory and financial services-related applications of "machine learning" (a method by which computers "learn" from incorporated data), risk management relating to algorithms and "big data," fraud regarding the use of AI and digital identification technologies, and the impact of automation on jobs in the financial sector and on the broader U.S. economy.

The new task forces will hold hearings, conduct investigations, and issue reports to the full HFSC about the task forces' findings and recommendations. Both task forces are set to expire on December 9, 2019.

The Fintech and AI task forces will be chaired by Reps. Stephen Lynch (D-MA) and Bill Foster (D-IL), respectively, and Rep. French Hill (R-AR) will be the ranking member of both task forces.

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