

Union Calendar No. 612

119TH CONGRESS
2^D SESSION

H. R. 8671

[Report No. 119-704]

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.

IN THE HOUSE OF REPRESENTATIVES

MAY 7, 2026

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

JUNE 18, 2026

Additional sponsor: Ms. PETERSEN

JUNE 18, 2026

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on May 7, 2026]

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 Technology*
5 *Advancement Act of 2026”.*

6 **SEC. 2. DEFINITIONS.**

7 *In this Act:*

8 (1) *ADVANCED FRAUD DETECTION TECH-*
9 *NOLOGY.*—*The term “advanced fraud detection tech-*
10 *nology” means emerging technologies used to detect,*
11 *prevent, or mitigate financial fraud and scams, in-*
12 *cluding artificial intelligence, machine learning, pre-*
13 *dictive analytics, behavioral biometrics, network ana-*
14 *lytics, data fusion tools, distributed ledger-based mon-*
15 *itoring tools, and blockchain tracing tools.*

16 (2) *ARTIFICIAL INTELLIGENCE.*—*The term “arti-*
17 *ficial intelligence” has the meaning given that term*
18 *in section 5002 of the National Artificial Intelligence*
19 *Initiative Act of 2020 (15 U.S.C. 9401).*

20 (3) *CREDIT UNION.*—*The term “credit union”*
21 *has the meaning given the term “insured credit*
22 *union” in section 101 of the Federal Credit Union*
23 *Act (12 U.S.C. 1752).*

24 (4) *FEDERAL BANKING AGENCY.*—*The term*
25 *“Federal banking agency”—*

1 **(b) REQUIRED ELEMENTS.**—*The study required under*
2 *subsection (a) shall evaluate the following:*

3 **(1) CURRENT USE AND EFFECTIVENESS.**—*The*
4 *current use and effectiveness of advanced fraud detec-*
5 *tion technologies, including—*

6 **(A)** *the extent to which insured depository*
7 *institutions and credit unions of varying asset*
8 *sizes deploy advanced fraud detection technology;*

9 **(B)** *measurable outcomes relating to fraud*
10 *detection, prevention, loss reduction, loss mitiga-*
11 *tion, privacy, and consumer protection;*

12 **(C)** *barriers to adoption and considerations*
13 *of interoperability, data access, liability, error*
14 *rates, and regulation; and*

15 **(D)** *how various fraud detection technologies*
16 *differ in use, effectiveness, costs, benefits, and*
17 *considerations under subparagraphs (A) through*
18 *(C).*

19 **(2) COMMUNITY FINANCIAL INSTITUTION AC-**
20 **CESS.**—*Community financial institution (that is ei-*
21 *ther an insured depository institution or credit*
22 *union) access to advanced fraud detection technology,*
23 *including—*

24 **(A)** *challenges faced by community finan-*
25 *cial institutions in accessing or deploying ad-*

1 *vanced fraud detection tools, including unique*
2 *challenges faced by various types of community*
3 *financial institutions;*

4 *(B) whether economies of scale disadvantage*
5 *smaller community financial institutions in gen-*
6 *eral, or certain types of smaller financial insti-*
7 *tutions;*

8 *(C) options to facilitate shared services,*
9 *utility models, managed-service providers, or*
10 *consortium-based fraud detection platforms; and*

11 *(D) recommendations to ensure regulatory*
12 *guidance is appropriately tailored to avoid dis-*
13 *couraging adoption by smaller community fi-*
14 *nancial institutions.*

15 *(3) ARTIFICIAL INTELLIGENCE AND MACHINE*
16 *LEARNING.—Artificial intelligence and machine*
17 *learning, including—*

18 *(A) the use by insured depository institu-*
19 *tions and credit unions of artificial intelligence*
20 *and machine learning models, applications, and*
21 *tools in detecting fraud patterns, anomalies, syn-*
22 *thetic identity fraud, and real-time payment*
23 *fraud;*

24 *(B) governance frameworks used by insured*
25 *depository institutions and credit unions to*

1 *manage fraud model risk, explainability, and*
2 *validation; and*

3 (C) *steps Federal banking agencies can take*
4 *in coordination with other relevant government*
5 *agencies and the private sector to ensure access*
6 *by insured depository institutions and credit*
7 *unions, including community financial institu-*
8 *tions and their third-party vendors, to such mod-*
9 *els, applications, and tools.*

10 (4) *INFORMATION SHARING AND PUBLIC-PRIVATE*
11 *PARTNERSHIPS.—Information sharing and public-*
12 *private partnerships, including—*

13 (A) *the effectiveness of existing information-*
14 *sharing frameworks;*

15 (B) *whether expanded public-private part-*
16 *nerships or centralized fraud utilities would en-*
17 *hance detection capabilities;*

18 (C) *the feasibility of a voluntary fraud ana-*
19 *lytics consortium accessible to community finan-*
20 *cial institutions; and*

21 (D) *privacy, data protection, and cybersecu-*
22 *rity considerations associated with expanded*
23 *data sharing.*

24 (5) *PAYMENTS SYSTEM RISKS.—Payments sys-*
25 *tem risk, including—*

1 (A) *fraud risks associated with electronic*
2 *funds transfers and checks; and*

3 (B) *whether advanced analytics can reduce*
4 *fraud while preserving settlement finality and*
5 *payment system stability.*

6 (6) *REGULATORY AND SUPERVISORY CONSIDER-*
7 *ATIONS.—Regulatory and supervisory considerations,*
8 *including—*

9 (A) *what benefits and risks arise from exist-*
10 *ing supervisory expectations with respect to in-*
11 *novations in fraud detection and prevention, in-*
12 *cluding whether existing supervisory expectations*
13 *create barriers to innovation while maintaining*
14 *relevant safeguards;*

15 (B) *the need for interagency guidance, regu-*
16 *latory clarity, or safe harbors to support tech-*
17 *nology adoption in a manner that promotes*
18 *fraud detection and prevention consistent with*
19 *consumer protection, privacy, safety and sound-*
20 *ness, and national security;*

21 (C) *opportunities to harmonize expectations*
22 *across Federal banking agencies; and*

23 (D) *whether additional training for Federal*
24 *banking agencies staff is necessary to promote ef-*
25 *fective regulation and supervision of financial*

1 *institutions' use of advanced fraud detection*
2 *technology, especially for community financial*
3 *institutions.*

4 *(c) REPORT AND RECOMMENDATIONS.—*

5 *(1) REPORT.—Not later than 18 months after the*
6 *date of enactment of this Act, the Federal banking*
7 *agencies shall issue a report to the Committee on Fi-*
8 *nancial Services of the House of Representatives and*
9 *the Committee on Banking, Housing, and Urban Af-*
10 *airs of the Senate containing all findings and deter-*
11 *minations made in carrying out the study required*
12 *under this section, and make such report publicly*
13 *available.*

14 *(2) CLASSIFIED ANNEX.—A report under para-*
15 *graph (1) may include a classified annex, if applica-*
16 *ble, provided to the committees.*

17 *(3) RECOMMENDATIONS.—The report required*
18 *under paragraph (1) shall include legislative, regu-*
19 *latory, or supervisory recommendations that promote*
20 *fraud detection and prevention consistent with con-*
21 *sumer protection, safety and soundness, and national*
22 *security, which may include—*

23 *(A) proposals to support shared fraud detec-*
24 *tion utilities or consortium-based analytics plat-*
25 *forms;*

1 (B) guidance or safe harbors to encourage
2 artificial intelligence use in fraud prevention;

3 (C) pilot programs tailored to community
4 financial institutions; and

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

8 **SEC. 4. COMMUNITY FINANCIAL INSTITUTION FRAUD TECH-**
9 **NOLOGY PILOT PROGRAM.**

10 (a) *IN GENERAL.*—Not later than 1 year after submis-
11 sion of the report required under section 3(c), the Federal
12 banking agencies may jointly establish a voluntary pilot
13 program to facilitate community financial institution ac-
14 cess for insured depository institutions and credit unions
15 with less than \$10,000,000,000 in total consolidated assets
16 to advanced fraud detection tools.

17 (b) *PROGRAM FEATURES.*—The pilot program de-
18 scribed in subsection (a) may include—

19 (1) pooled procurement or shared services models;

20 (2) model validation assistance or technical sup-
21 port;

22 (3) standardized vendor risk management tem-
23 plates;

24 (4) regulatory clarity regarding model govern-
25 ance expectations; and

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

4 (c) *SUNSET AND REPORT.—*

5 (1) *SUNSET.—Any pilot program established*
6 *under this section shall expire not later than 3 years*
7 *after submission of the report required under section*
8 *3(c).*

9 (2) *REPORT.—Not later than 6 months after the*
10 *expiration of all pilot programs established under this*
11 *section, the Federal banking agencies shall issue a re-*
12 *port to the Committee on Financial Services of the*
13 *House of Representatives and the Committee on*
14 *Banking, Housing, and Urban Affairs of the Senate,*
15 *and make such report available to the public, con-*
16 *taining—*

17 (A) *all findings and determinations made*
18 *by the Federal banking agencies in carrying out*
19 *any pilot program established under this section;*
20 *and*

21 (B) *any legislative, regulatory, or other rec-*
22 *ommendations the Federal banking agencies may*
23 *have based on such findings and determinations.*

1 (3) *CLASSIFIED ANNEX*.—A report under para-
2 graph (2) may include a classified annex, if applica-
3 ble, provided to the committees.

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