**CHAMBER
OF PROGRESS**

August 12, 2024

Department of Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Re: Request for Information on Uses, Opportunities, and Risks of Artificial Intelligence in the Financial Services Sector

On behalf of Chamber of Progress - a tech industry coalition promoting technology's progressive future - we appreciate the opportunity to submit this comment to the Department of Treasury on the *Uses, Opportunities, and Risks of Artificial Intelligence in the Financial Services Sector*.

Overall, adopting AI in fintech enhances operational efficiency, improves security, and provides personalized solutions, significantly improving the overall financial ecosystem for both institutions and consumers.

Artificial intelligence (AI) revolutionizes the fintech industry by driving innovation, efficiency, and accessibility. By leveraging algorithms and machine learning, AI enhances fraud detection, heightening security in the digital marketplace. By automating routine tasks, AI streamlines operations, reduces overhead, and expands financial opportunities for small businesses and consumers underserved by traditional financial institutions.[1]

Question 5: What are the actual and expected benefits from the use of AI to any of the following stakeholders: financial institutions, financial regulators, consumers, researchers, advocacy groups, or others? Please describe specific benefits with supporting data and examples. How has the use of AI provided specific benefits to low-to-moderate income consumers and/or underserved individuals and communities (e.g., communities of color, women, rural, tribal, or disadvantaged communities)?

Integrating AI in the fintech industry has brought transformative benefits for businesses and consumers, revolutionizing how financial services are delivered and experienced.

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[1] World Economic Forum, *How Artificial General Intelligence will drive an inclusive financial sector in Latin America*, (Jan. 2024).
https://www.weforum.org/agenda/2024/01/ai-is-driving-the-evolution-of-a-more-inclusive-financial-sector-in-latin-america-here-is-how/#:~:text=AI%2Ddriven%20financial%20platforms%20are,and%20limited%20physical%20bank%20branches.

First, financial institutions benefit from AI through automated processes that streamline operations, leading to cost savings and increased efficiency. For example, many banks use AI to enhance their fraud detection systems and improve security.[2]

Second, financial regulators stand to benefit from AI-powered tools that assist with resource-intensive tasks, like monitoring for compliance. This leads to more effective oversight of industry participants and quicker response to emerging issues. For example, the Securities and Exchange Commission utilizes data analytics techniques, such as monitoring trading patterns, to identify suspicious activities, which both strengthen regulatory oversight and improve market integrity.[3]

Third, consumers benefit from AI applications in financial services. AI delivers personalized financial experiences tailored to individual preferences and behaviors. Consumers further benefit from improved customer service and accessibility to financial tools. For example, AI-powered chatbots can improve customer service by offering personalized assistance and faster response times.[4][5]

Fourth, economic researchers benefit from AI by analyzing large datasets, which opens new avenues for research in finance. They may further leverage AI to explore trends, develop predictive models, and simulate market dynamics. For example, Massachusetts Institute of Technology researchers developed an automated model to predict business sales using AI.[6]

Advocacy groups benefit from AI by tracking and evaluating the impact of financial policies, identifying areas of concern, and advocating for more equitable financial practices.

Lastly, the use of AI has significantly benefited low-to moderate-income consumers by making financial services more accessible and affordable. AI-driven platforms like robo-advisors offer low-cost investment management, allowing consumers to build and manage portfolios.[7]

[2] BPM Analytics, *AI in the banking sector: How fraud detection with AI is making banking safer*, Infosys BPM.
https://www.infosysbpm.com/blogs/bpm-analytics/fraud-detection-with-ai-in-banking-sector.html
[3] *Utilizing Data analytics: SEC Harnesses the Power to Unveil Insider Trading Patterns and Prioritizing Egrgious Cases*, Vinson & Elkins (June 2023).
https://www.velaw.com/insights/utilizing-data-analytics-sec-harnesses-the-power-to-unveil-insider-trading-patterns-and-prioritizes-egregious-cases/
[4] LinkedIn, *The Rise of AI Chatbots in Fintech: Providing 24/7 Financial Assistance*, Intuz (Oct. 2023).
https://www.linkedin.com/pulse/rise-ai-chatbots-fintech-providing-247-financial-assistance-intuz-hpgef
[5] Klarna, *Klarna AI assistant handles two-thirds of customer service chats in its first month* (Feb. 2024).
https://www.klarna.com/international/press/klarna-ai-assistant-handles-two-thirds-of-customer-service-chats-in-its-first-month/
[6] Rob Matheson, *Model beats Wall Street analysts in forecasting business financials*, MIT (Dec. 2019).
https://news.mit.edu/2019/model-beats-wall-street-forecasts-business-sales-1219
[7] *Robo-Advisors An Introduction*, Charles Schwab (2024).
https://www.schwab.com/automated-investing/what-is-a-robo-advisor

Question 18: What actions are necessary to promote responsible innovation and competition with respect to the use of AI in financial services? What actions do you recommend Treasury take, and what actions do you recommend others take? What, if any, further actions are needed to protect impacted entities, including consumers, from potential risks and harms?

Supporting a dynamic environment where technology can evolve is crucial to promoting responsible innovation and competition in AI within the financial services sector. Encouraging transparency and open dialogue among stakeholders is the first step, and we applaud the Department for seeking public input.

Additionally, we urge the Department to conduct extensive outreach to advocacy organizations, financial institutions, trade associations, and consumer groups to assess how AI expands financial inclusion and increases economic productivity. Adopting a stakeholder-informed regulatory framework will foster a competitive technological landscape that supports American innovation and benefits consumers.

Sincerely,

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Chamber of Progress