

118TH CONGRESS
2D SESSION

H. R. 7437

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

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 23, 2024

Mrs. HOUCHIN (for herself, Mr. FOSTER, and Mr. HILL) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To require certain supervisory agencies to assess their technological vulnerabilities, 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 “Fostering the Use of
5 Technology to Uphold Regulatory Effectiveness in Super-
6 vision Act”.

7 **SEC. 2. FINDINGS.**

8 Congress finds the following:

1 (1) Banking regulators continue to examine and
2 monitor depository institutions without access to
3 real-time information.

4 (2) Bureaucracy and risk surrounding tech-
5 nology procurement presents a difficult challenge for
6 updating supervisory technology.

7 (3) To ensure that prudential supervision is ef-
8 fective and sustainable in the digital age, agencies
9 must leverage new technologies to allow for the fi-
10 nancial monitoring necessary to preserve a safe and
11 sound banking system.

12 (4) New technology tools are also necessary in
13 order for agencies to effectively fulfill mandates
14 other than prudential supervision, including their
15 mandates to assure consumer protection and mon-
16 itor Bank Secrecy Act compliance.

17 (5) Agencies' reliance on outdated technology
18 creates vulnerabilities for the financial system, caus-
19 ing—

20 (A) difficulties in collecting, compiling, and
21 analyzing relevant information about risks and
22 noncompliance at supervised firms;

23 (B) reliance on information that is inac-
24 curate, incomplete, or not timely; reliance on
25 limited and outdated tools for data analysis;

1 (C) difficulties in using data to identify
2 risk trends;

3 (D) difficulty in producing accurate and
4 timely reports;

5 (E) inadequacy of cybersecurity safe-
6 guards; and

7 (F) failure to detect illegal activities.

8 (6) The rapid expansion of financial firms' use
9 of artificial intelligence is generating opportunities
10 to improve the financial system, making it essential
11 that agencies be equipped with the technology and
12 skills needed to analyze these opportunities and po-
13 tential risks.

14 (7) While agencies assess their supervisory ca-
15 pabilities on an ongoing basis, it is imperative that
16 there be a unified goal to enhancing supervisory
17 technologies that ensures effective and sustainable
18 oversight in the digital age.

19 **SEC. 3. TECHNOLOGICAL VULNERABILITIES AND PRO-**
20 **CUREMENT PRACTICES ASSESSMENT.**

21 (a) IN GENERAL.—

22 (1) TECHNOLOGICAL VULNERABILITIES ASSESS-
23 MENT.—Each covered agency shall, not later than
24 180 days after the date of the enactment of this sec-
25 tion, assess how its existing technological systems

1 prevent an agency from conducting real-time super-
2 visory assessments over entities which the covered
3 agency has supervisory authority, including the ef-
4 fects stemming from the agency's—

5 (A) core information technology infrastruc-

6 ture;

7 (B) technology used to supervise entities,

8 including supervisory technology tools; and

9 (C) technology for monitoring general mar-

10 ket risks using reported data and external data.

11 (2) PROCUREMENT PRACTICES ASSESSMENT.—

12 Each covered agency shall, not later than 180 days
13 after the date of the enactment of this section, as-
14 sess the procurement rules and protocols adhered to
15 by such covered agency when such covered agency
16 acquires or develops new technological systems and
17 identify any challenges created by such procurement
18 rules and protocols, including the impact such rules
19 or protocols have on the ability of the covered agen-
20 cy to test new technological systems.

21 (b) REPORT.—Not later than 180 days after the com-

22 pletion of the assessments set forth in this section, and

23 every 5 years thereafter, the covered agencies shall coordi-

24 nate and submit to the Committee on Financial Services

25 of the House of Representatives and the Committee on

1 Banking, Housing, and Urban Affairs of the Senate a re-
2 port that includes the following with respect to each cov-
3 ered agency—

4 (1) a general overview of hardware and soft-
5 ware used for informational gathering during super-
6 vision activities, including products purchased from
7 technology vendors and products developed by the
8 covered agency or contractors;

9 (2) a description of the procurement practices
10 and protocols of the covered agency, including a de-
11 scription of—

12 (A) whether such processes are voluntarily
13 adhered to or mandated; and

14 (B) any challenges resulting from such
15 practices and protocols that have hindered the
16 ability of the covered agency to obtain new
17 technology;

18 (3) a general overview of the agency's workforce
19 engaged primarily in technology development within
20 the covered agency, including—

21 (A) an overview of the ability of the cov-
22 ered agency to recruit and retain appropriate
23 technology experts; and

24 (B) a description of the degree to which
25 the covered agency relies on outside contractors

1 to design technology and perform technology-re-
2 lated tasks;

3 (4) a description of the processes used by the
4 covered agency to obtain information from entities
5 supervised by the covered agency and general infor-
6 mation about market trends and risks;

7 (5) a description of the ways in which the cov-
8 ered agency shares information with other covered
9 agencies;

10 (6) an evaluation of the level of ease or dif-
11 ficulty experienced by the covered agency when—

12 (A) sharing data with other government
13 agencies; and

14 (B) collecting data from entities supervised
15 by the covered agency; and

16 (7) a description of any plans the covered agen-
17 cy has with respect to how the covered agency will
18 implement future upgrades to the technology used
19 by the covered agency to supervise entities super-
20 vised by the covered agency, including—

21 (A) a general description of any planned
22 upgrades;

23 (B) the anticipated timeline of any planned
24 upgrades;

25 (C) the costs of any planned upgrades;

1 (D) any concerns about access to needed
2 resources;

3 (E) intended efforts for hiring and training
4 individuals as part of any technological up-
5 grades;

6 (F) any aspects of any plan that should be
7 addressed on an interagency basis; and

8 (G) any anticipated challenges and solu-
9 tions associated with entities supervised by the
10 agency adapting to new reporting requirements,
11 including the needs and plans for supervised en-
12 tities adaptation to new reporting requirements,
13 including estimates of transition costs and po-
14 tential cost reductions over time.

15 (c) COVERED AGENCY DEFINED.—The term “cov-
16 ered agency” means the Federal Reserve System, Federal
17 Deposit Insurance Corporation, Office of the Comptroller
18 of the Currency, Consumer Financial Protection Bureau
19 and the National Credit Union Administration.

○