The Honorable John Thune
Majority Leader
United States Senate

The Honorable Charles Schumer
Minority Leader
United States Senate

July 31, 2026

Dear Leader Thune and Leader Schumer:

The undersigned 78 civil rights, labor, consumer, community, tech accountability, and other organizations write to express opposition to the inclusion of language authorizing so-called AI Innovation Labs within the CLARITY Act. This language creates regulatory sandboxes that allow otherwise regulated financial firms to deploy artificial intelligence (AI) systems without regulatory supervision, oversight, or enforcement and without the necessary civil rights, consumer, and user protections to prevent harm.

The use of AI in the financial sector has potential benefits to consumers and providers alike. It presents opportunities to reduce costs, improve efficiency, detect and prevent fraud, and increase the access, quality, and choice of financial services and products. However, the benefits will only be realized if there are protections from the risks as well. The use of AI in financial services and products should include requiring the consistent application and enforcement of long-established federal civil rights, consumer protection, investor protection, market integrity, and financial supervision statutes and regulations.

The financial industry has already been deploying AI within the bounds of federal laws and regulations across its business lines including from customer service to automated underwriting to securities trading to risk management. Existing legal and regulatory regimes are designed to protect people and the financial system from predatory practices, market manipulation, and economic instability. There is no need to create regulatory carve outs for companies to deploy AI systems that would otherwise violate federal laws and pose risks to people and the economy. Nor does the use of AI, however trivial, justify broad waivers of consumer and investor protection laws.

The risks of AI are real. AI credit underwriting and decision-making systems tend to amplify existing patterns of discrimination against Black, Latino, Asian American, and Indigenous people; women; and people with disabilities in the approval, pricing, and terms of credit products like student loans, mortgages, and other credit products. AI's involvement in debt collection could make people susceptible to abusive collection tactics. People could see unjust freezes or closures of accounts driven by automated fraud detection AI systems. AI's increasing use in customer relations and emerging risks from agentic AI can leave people at the mercy of chatbots and systems that give incomplete, misleading, or sometimes incorrect information. If financial institutions are granted waivers from laws and regulations for deploying AI in their systems and processes, people impacted by these risks would have little to no path for redress.

The deployment of unregulated AI into financial services products and systems also poses risks to investor protection, market integrity, and financial stability. AI-powered trading could result in market manipulation, harming investors and undermining the fidelity of the markets. Increasingly powerful AI cyberhacking tools can threaten the security of financial firms holdings, exposing customers' funds and personal information to cyberbreaches. Banks deploying AI for risk management models could result in minimizing risks and threats to the safety and soundness of the bank, posing financial stability threats. Further, the concentration of AI firms servicing the financial sector could exacerbate instability and create unstable bubbles and crashes.

The risks and threats of AI in the financial system demonstrate the importance of regulation and oversight of its use. Yet the language within this legislation would enable the financial industry to seek exemptions from these necessary laws and regulations. The threshold to create an AI test project shielded from regulatory oversight is woefully low. Virtually any company that uses AI would be able to request full waivers of civil rights, consumer, and investor protection laws, posing risks to people and the economy.

This language would allow financial firms to experiment on deploying AI for maximizing profits with effective impunity. Customers and the economy would bear the risks and harms, with financial institutions reaping the rewards. The threats and risks are too grave.

We urge Members of Congress to oppose this language and any legislation that includes this language, including in the CLARITY Act. Elected leaders must reject the granting of immunity for unlawful practices or outcomes that would substantially harm people, communities, and the economy.

Sincerely,

**National Organizations**
Action Center on Race and the Economy
AFSCME
AFT
AI Now Institute
American Civil Liberties Union
American Economic Liberties Project
Americans for Financial Reform
As You Sow
CAMEO Network
Care in Action
Center for Democracy & Technology
Center for Digital Democracy
Center for Responsible Lending
Coalition on Human Needs
Communications Workers of America (CWA)
Consumer Action
Consumer Federation of America
Consumer Reports
Consumer Watchdog
Data & Society
Demand Progress Action
Equal Rights Advocates
HEAL Food Alliance
Interfaith Center on Corporate Responsibility
National Action Network
National Association of Consumer Advocates
National Community Reinvestment Coalition
National Consumer Law Center, on behalf of its low-income clients
National Consumers League
National Domestic Workers Alliance
National Fair Housing Alliance
Next 100 Coalition
Oxfam America
P Street
Popular Democracy
Protect Borrowers
Public Citizen
Public Good Law Center
Public Investors Advocate Bar Association
Public Justice
Racial Justice Investing Coalition
Stance Capital
TechTonic Justice
The Leadership Conference on Civil and Human Rights
Transparency Task Force
UnidosUS
Woodstock Institute

**State and Local Organizations**
AKPIRG
Arkansas Community Organizations

Brooklyn Cooperative FCU
Center for Economic Integrity
Charlotte Center for Legal Advocacy
Community Legal Services in East Palo Alto
Consumers for Auto Reliability and Safety
DC Consumer Rights Coalition
Economic Action Maryland Fund
Housing Action Illinois
Housing and Economic Rights Advocates
Legal Action Chicago
Legal Aid Center of Southern Nevada
Legal Aid Works
Maine People's Alliance
New Jersey Appleseed Public Interest Law Center
New York Legal Assistance Group
New Yorkers for Responsible Lending
Oregon Consumer Justice
Oregon Consumer League
Project GREEN
Public Law Center
Rise Economy
South Carolina Appleseed Legal Justice Center
Strong Economy For All Coalition
Texas Appleseed
The Academy of Financial Education
Tzedek DC
Virginia Citizens Consumer Counsel
Virginia Poverty Law Center
William E. Morris Institute for Justice