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Pre-Recorded Remarks for the
National Fair Housing Alliance’s Responsible AI Symposium
“AI in Financial Services”
April 29, 2025

Hello everyone. I wish I could be there with you all today, but duty called me away from the nation’s capital. I would like to thank the National Fair Housing Alliance for organizing this important event and for inviting me to speak. Responsibly expanding access to capital and helping people attain financial security are among my core values. I know we share those principles.

My career has spanned nearly three decades, including positions at three Wall Street firms as well as another federal regulator. In every role I’ve had, I’ve focused on the importance of financial inclusion for underserved communities because I know how transformative it can be when people gain access to quality, affordable financial services.

Make no mistake: financial inclusion is the civil rights challenge of our generation. That’s why my focus on this has been unwavering, and I encourage innovative thinking among stakeholders in financial services about how we can lead the way to foster greater financial inclusion. During my tenure as the NCUA Chairman, I made financial inclusion a priority for the agency and the cooperative credit system. I continue to champion this topic at the OCC because I truly believe national banks and federal savings associations should help all people to access our financial mainstream.

In that vein, I am honored to be able to share a few thoughts about the important work we are doing at the OCC to promote the responsible use of artificial intelligence (AI) and other technologies.

The Role of the U.S. in Advancing AI in Financial Services

American technological innovation is unparalleled in its ingenuity and ability to advance prosperity. This has made the United States a global leader in AI innovation. To remain a leader, we must ensure that innovations are fit for purpose and that the innovative banking products, services, and business arrangements arising from the adoption of new and emerging technologies are responsible and trustworthy. This requires effective, but not burdensome, regulatory oversight. We also must ensure that our citizens have opportunities to acquire the knowledge and skills they need to become our future innovators and to help drive productivity and prosperity.

Artificial intelligence is transforming the way we live and work. It holds tremendous potential for financial institutions in terms of optimizing processes and democratizing opportunities by providing new ways to meet the needs of the historically unbanked and under-banked.

For example, the OCC has observed banks using AI in various areas of risk management and business operations, including fraud detection and prevention, identification of suspicious activity, facilitation of automated trading, automation of loan origination processes, and marketing and customer service.

AI also can help banks make more informed decisions, enhance efficiency, and provide better and more customized services to households and businesses of all sizes. But that is only if this powerful technology is built and used responsibly.

Ensuring Safe and Responsible AI

As Acting Comptroller of the Currency, I am committed to ensuring that AI is used in a safe, secure, and trustworthy manner in the federal banking system.

Over the years, the OCC has taken proactive steps to effectively advance governance around the use of AI in the financial services sector. The OCC has developed regulatory frameworks and issued guidance and principles to ensure that all technologies, including AI, are used ethically and responsibly within the banking industry. This includes guidelines on transparency, accountability, and fairness.

The OCC also emphasizes the importance of robust risk management practices for AI applications, consistent with conventional model risk management practices. This includes assessing and mitigating potential risks associated with AI, such as bias, security vulnerabilities, and fraud.

Such robust risk management practices are necessary because, compared to conventional analytical systems and techniques, AI is generally more complex. Reliance on intricate algorithms, and in some cases, vast amounts of data may cause some uses of AI to produce outputs through processes that may be more difficult to understand or explain. AI models may also intuit relationships among variables that humans cannot, thereby presenting the risk of unintentionally perpetuating historical patterns of bias and discrimination.

Banks should consider the risk-based and technology-neutral principles in existing OCC and interagency guidance as part of their governance and risk management of AI uses.

In addition, the OCC has established the Office of Financial Technology to analyze and evaluate developments in financial technology, including AI. This office supports the

development of policy guidance, outreach, and supervision resources for AI-related business models and applications. The office also focuses on innovations in the area of technology, including bank-fintech arrangements, AI adoption, digital assets and tokenization, and other areas.

We also champion the use of AI to expand access to credit and other financial services. For example, AI can utilize alternative data, such as rent payments and cash flow information, to improve credit models and increase financial inclusion. This can enable consumers to obtain additional products or more favorable terms based on enhanced assessments of repayment capacity.

Collaboration and Innovation

The OCC also believes in fostering collaboration in innovation. We actively engage with industry leaders, policymakers, nonprofits, and other stakeholders to promote the responsible adoption of AI. Collaboration between government agencies, industry leaders, and other stakeholders is crucial for building trust and a shared vision within the ecosystem. By working together, we can more effectively share information and promote innovation while safeguarding the interests of consumers, businesses, and the communities where we live and work.

I am proud to highlight the financial inclusion efforts of the OCC's Project REACH. Project REACH—which stands for the Roundtable for Economic Access and Change—brings together leaders in banking, civil rights, community development, and technology to identify innovative solutions to financial inclusion for economically disadvantaged communities. It is an initiative that has demonstrated enormous impact.

For example, through REACH convenings, financial institutions developed an affordable credit solution for consumers who were unable to access credit because they lacked a credit file and did not have a credit score. This resulted in more than 100,000 accounts established under this pilot.

Today, several national banks have developed a pilot program under Project REACH to expand the use of alternative, non-FICO data—primarily from deposit accounts—to qualify credit-impaired consumers for affordable lines of credit and bring them into the regulated financial system.

Project REACH also recently launched a workstream on affordable homeownership, which will address the challenges that disadvantaged and underserved consumers face in purchasing homes and encourages the development of innovative products and services that improve access to credit. Separately, we launched a technology workstream exploring expanding financial inclusion through new technologies or novel uses of existing technologies.

Ensuring Fairness

As always, the OCC works to ensure adherence to our nation's fair housing and lending laws. This is crucially important. Fairness is central to a productive, well-functioning, and prosperous society and markets and helps expand business and other opportunities.

Conversely, unfair systems can restrict access to credit and hinder progress. I recently announced the OCC's new Office of External Relations and Strategic Partnerships. This office, which will be led by Andrew Moss, my Acting Chief of Staff and the agency's National Director for Project REACH, will be responsible for developing our comprehensive financial inclusion strategy. It will also engage with critical external stakeholders to identify economic barriers,

build partnerships, promote education, and encourage responsible innovation to foster increased inclusion in the federal banking system.

Conclusion

As we navigate the complexities of AI, I challenge all stakeholders to remain committed to using this technology for the greater good. Together, we can shape a future where technologies enhance our society and uphold our shared values.

Thank you again for inviting me to participate today. I look forward to our continued collaboration and learning more about the insightful discussions and innovative solutions that will emerge from this symposium.